

Message Text

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63

ACTION AF-18

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-10 IO-14 ISO-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIE-00 INRE-00

SSO-00 NSCE-00 EB-11 COME-00 INT-08 TRSE-00 OMB-01

SCI-06 SCEN-02 CEA-02 CIEP-02 AID-20 DRC-01 /210 W

----- 081130

O 222107Z DEC 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC NIACT IMMEDIATE 2210

INFO AMEMBASSY ABIDJAN

AMEMBASSY ABU DHABI

AMEMBASSY ACCRA

AMEMBASSY BEIRUT

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY CARACAS

AMEMBASSY FREETOWN

AMEMBASSY JAKARTA

AMEMBASSY JIDDA NIACT IMMEDIATE

AMEMBASSY KUWAIT

AMEMBASSY LONDON NIACT IMMEDIATE

AMEMBASSY MONROVIA

AMEMBASSY OTTAWA

AMEMBASSY TEHRAN NIACT IMMEDIATE

AMEMBASSY TOKYO NIACT IMMEDIATE

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY VIENNA

USINT ALGIERS

USMISSION USUN NEW YORK

USMISSION GENEVA NIACT IMMEDIATE

OECD PARIS 3801

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C O N F I D E N T I A L LAGOS 10240

E.O. 11652: GDS
TAGS: ENRG, NI
SUBJECT: NIGERIAN OIL BIDS REACH \$22.60 BUT SALE RESULTS UNCERTAIN

REF: LAGOS 10220 NOTAL

1. SUMMARY. NIGERIAN OIL SALE CONCLUDED DECEMBER 22, BUT ONLY THREE FIRMS WILLING MATCH HIGH BID OF \$22.60 PER BARREL. NON-BINDING CONTRACTS INITIALED FOR TOTAL OF 140,000 BARRELS PER DAY. END SUMMARY.

2. NIGERIAN OIL SALE REACHED CONCLUSION DECEMBER 22, BUT DESPERATE BIDDING ANTICIPATED BY NIGERIANS DID NOT MATERIALIZE. IN FACT ONLY TEN FIRMS REPRESENTED FROM SHORT LIST OF FOURTEEN. SEALED BIDS RANGED FROM UNDER \$10 PER BARREL TO THREE HIGHEST BIDS OF \$19.50, 20.10 AND 22.60. HIGHEST BID SUBMITTED BY MITSUBISHI WHICH, IN VIEW OF ONE US PARTICIPANT, APPEARED TO BE MAKING DETERMINED EFFORT TAKE ENTIRE OFFER OF 320,000 B/D.

3. EACH BIDDER INVITED TO NAME QUANTITY HE WILLING PURCHASE AT TOP BID, BUT ONLY THREE WERE WILLING GO MUCH BEYOND \$20. CONTRACTS AT \$22.60 INITIALED WITH MITSUBISHI (FOR 50,000 B/D). CONTRACTS SAID IN EFFECT TO BE OPTIONS COMPANIES MAY EXERCISE BY JANUARY 20 IF \$22.60 PROVES TO BE ATTRACTIVE PRICE AND MAY IGNORE IF IT DOES NOT.

4. BIDDERS GENERALLY DISMAYED BY AKWARDNESS OF THE FINAL BIDDING PROCEDURES AND THE UNCERTAIN RESULT. ONE BELIEVES NIGERIANS COULD HAVE HAD FIRM CONTRACTS FOR ENTIRE AMOUNHCIF PRICE AROUND \$20 HAD BEEN NEGOTIATED, BUT THEY INSISTED ON \$22.60.

5. SOURCES OF THIS INFORMATION ARE INTERESTED PARTIES BELIEVED RELIABLE. FOREGOING DETAILS SHOULD BE CONSIDERED HIGHLY CONFIDENTIAL IN ORDER NOT BETRAY IDENTITY OF SOURCES.

6. COMMENT. NIGERIAN OIL SALE APPROACHED BUT HARDLY DEFINED THE UPPER LIMITS OF WORLD MARKET FOR CRUDE OIL. MOST THAT CAN BE SAID IS A FEW FIRMS WERE WILLING PAY AROUND \$20 PER BARRELS FOR SMALL QUANTITIES. MITSUBISHI'S BID OF \$22.60 CANNOT BE SAID TO BE CONFIDENTIAL

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THE UNQUALIFIED FINAL RESULT OF THE SALE.
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Message Attributes

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Draft Date: 22 DEC 1973
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Disposition Authority: hilburpw
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
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EO Systematic Review
30 JUN 2005

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